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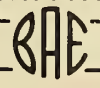
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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

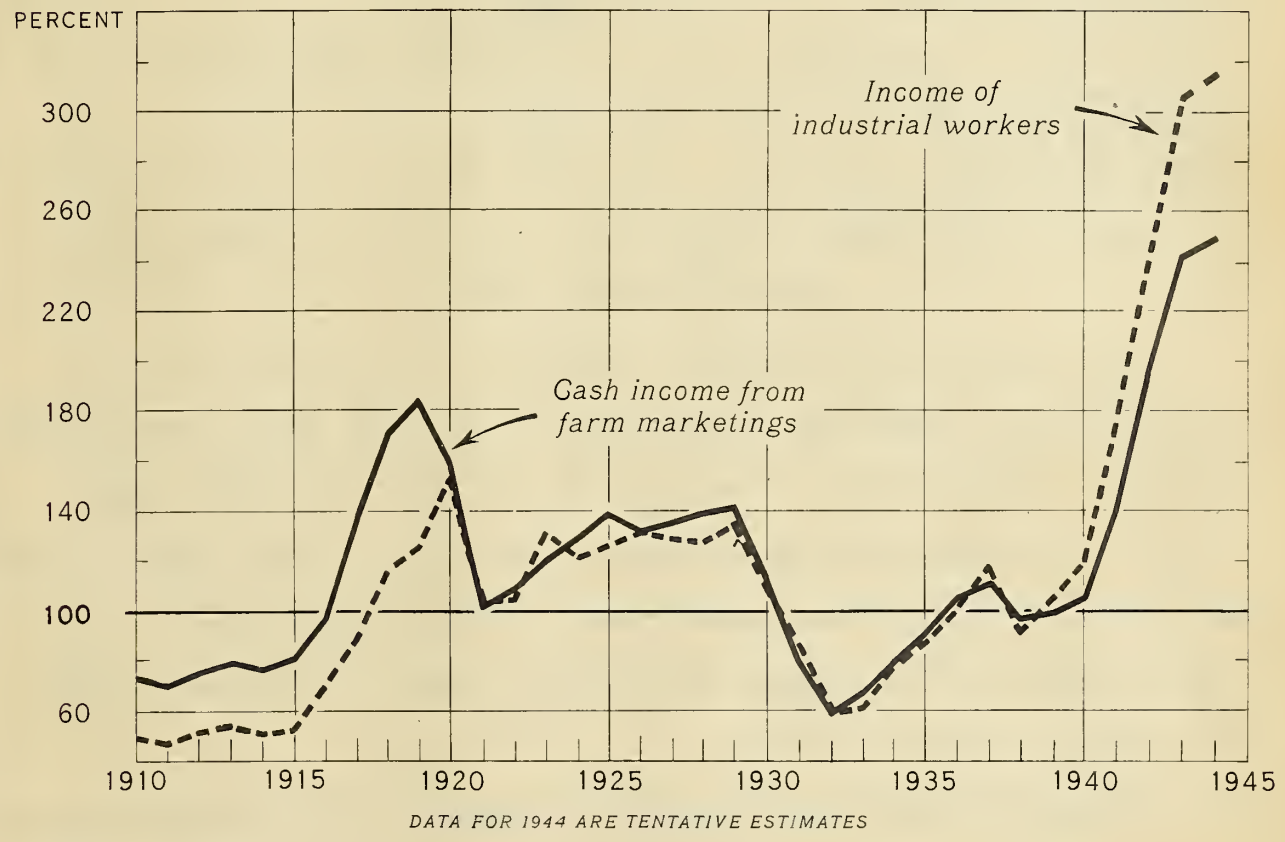
WASHINGTON, D. C.



NOVEMBER 1944

CASH INCOME FROM FARM MARKETINGS, AND INCOME OF INDUSTRIAL WORKERS, UNITED STATES, 1910-44

INDEX NUMBERS (1935-39=100)

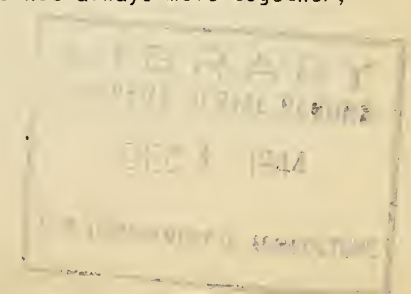


U. S. DEPARTMENT OF AGRICULTURE

NEG. 42554

BUREAU OF AGRICULTURAL ECONOMICS

Changes in the purchasing power of industrial workers greatly influence the demand for, and consequently the price of, farm products. Changes in the prices of farm products ordinarily account for most of the changes in income from farm marketings. There is a noticeable similarity between fluctuations in the income of industrial workers and cash income from farm marketings, although the two series do not always move together, as is illustrated by the situation in 1920 and 1924.



THE DEMAND AND PRICE SITUATION

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DEMAND FOR FARM PRODUCTS

The demand for farm products, both foreign and domestic, continues at a high level. Reductions in the output of war goods, after fighting stops in Europe, probably will be accompanied by a decline in national income, because of reduced employment, particularly overtime, in the industries making such goods. Consumer expenditures probably will not decline as much as national income, and the demand for many farm products, at ceiling prices, may continue to exceed supplies.

Nonagricultural income payments in September 1944 were 9 percent above September 1943, while for the first 9 months of 1944 they averaged 11 percent above the corresponding period in 1943. The index declined 0.6 points from August 1944, the first decline since March and April of this year. However, the declines in March and April were due to the unusually high level that nonagricultural income payments attained in February as a result of the retroactive pay raises awarded to railway employees.

EMPLOYMENT AND PAYROLLS

Recent declines in the income of industrial workers and of factory hourly and weekly earnings appear to be largely the result of a slight downward trend in some lines of war production, which has been developing in recent months. The decline in war production has also been partly responsible for the gradual declines in total industrial production and in manufacturing employment, and for the increase in employment in the finance, service, and miscellaneous industries.

The index of industrial workers' earnings for the first 8 months of this year averaged about 5 percent higher than for the corresponding period of 1943. However, since January 1944 it has declined slowly and steadily to a level in August which was 3 percent below January. The decline has been caused by a drop in manufacturing payrolls. The other components of the index -- railway and mining payrolls -- have continued to maintain their high levels although moving irregularly from month to month.

In contrast to the current behavior of the index of total earnings of industrial workers, the index of earnings per worker rose slowly during the first half of 1944, averaging about 10 percent above the corresponding period in 1943. In August 1944, however, disregarding a decline in July because of the Independence Day holiday, the index dropped 1 percent from the June level. This is the first time the index has declined since April 1944, when it showed a negligible 0.2 point decline from the previous month.

The index of hourly earnings, characterized by its slowly rising tendency since the outbreak of the European war, also showed a very small decrease of 0.3 points in August 1944, the first time since December 1943. Weekly earnings of factory workers also followed the general trend by declining in August, one percent below June.

Employment in nonagricultural establishments in September 1944 totaled 38,559,000. This was lower than any previous month since June 1942 and 3 percent less than August 1944. Most of the decline has occurred in manufacturing, mining, and construction groups. Employment in the finance, service, and miscellaneous groups, however, was nearly 10 percent or 400,000 greater in September 1944 than a year earlier.

Declines in manufacturing employment were largest in the durable goods industries, where the greatest expansion occurred in the early war years.

INDUSTRIAL PRODUCTION

The gradual decline in industrial production continues and the index, which dropped one point in September to 231 $\frac{1}{2}$, is now about 5 percent lower than in September 1943, and 6 percent below the peak in October 1943. Nearly all of the decline has occurred in manufacturing. Mineral production has continued to maintain its high level, and in September 1944 was 4 percent above September 1943. Preliminary reports indicate that industrial production is continuing to decline slowly, and inventories are being reduced. Until the defeat of Germany, industrial production probably will not change greatly,

although shifts in war needs will be reflected in reductions in some industries and increases in others.

AGRICULTURAL PRICES

Prices of agricultural commodities have, on the average, been remarkably stable for more than a year, the maximum variation in the index of prices received by farmers being only 2 percent. It is probable that this stability will continue for several months. In recent months there have been offsetting movements in the prices of crops and of livestock. The index of prices received for crops increased 2 percent from October 1943 to October 1944, as lower prices for truck crops and minor grains were more than offset by higher prices for wheat, corn, cotton, hay and oilseeds. In most cases, these higher prices reflect the increase in Government price-support levels from 1943 to 1944.

In October 1944, prices for all livestock commodities except milk, beef cattle, and turkeys were lower than a year earlier. The index of prices received for livestock and products was down 2 percent from October 1943, when it was the highest during this war. These changes in prices, reflect basic supply and demand conditions but do not reflect changes in farmers' income due to increases in production payments, which are not included in computing the index. If the production payments on dairy products were taken into account, the index of prices for livestock and products would be 209 instead of 204 (Aug. 1909-July 1914 = 100) for October 1943 and 209 instead of 199 for October this year. The over-all index would be raised from 194 to 197 for October 1943 and from 194 to 199 for October 1944.

FARM INCOME

The current estimate of total cash receipts for November of 2,065 million dollars is 19 percent less than the estimate of 2,449 million dollars in October but 3 percent above November 1943. Receipts from crops dropped 25 percent as compared with October while income from livestock and livestock products decreased about 2 percent. Receipts from fruits and nuts were nearly as great as in October and were 29 percent above November last year. Although receipts from citrus fruits in Florida were down in November because of hurricane damage, increased income from citrus in Texas about offset it. The seasonal decline in receipts from cotton and cottonseed in November was not as great as last year because of delayed harvesting this year. Income from good grains was maintained at a relatively high level as large quantities of wheat were placed under loan. Receipts from meat animals were down slightly below October. Milk production was down in November and receipts from dairy products dropped about 10 percent. Receipts from poultry and eggs gained about 17 percent.

Total receipts from farm marketings for the period January through November amounted to about 18,430 million dollars, 6 percent above the 1943 receipts of 17,312 million dollars. Income from crops was about 10 percent greater than 1943 and receipts from livestock and livestock products were 4 percent above last year. Food grains showed the greatest gain of any of the commodity groups with an increase of 32 percent over the same period in 1943.

Tentative estimates for the first 11 months, by commodity groups, are presented in the table below compared with cash receipts for the same period in 1943 and the average for 1938-42.

Commodity group receipts, January through November

Commodity group	1938-42 average	1943	1944 ^{1/}
	Mil. dol.	Mil. dol.	Mil. dol.
Receipts from marketings	9,168	17,312	18,430
All crops	3,848	7,090	7,825
Food grains	578	877	1,160
Feed grains and hay	501	923	1,000
Cotton and cottonseed	778	1,178	1,175
Oil-bearing crops	174	604	485
Tobacco	266	455	580
Vegetables	686	1,491	1,495
Fruits and nuts	504	1,060	1,375
All livestock	5,320	10,222	10,605
Meat animals	2,713	5,418	5,720
Dairy products	1,550	2,505	2,645
Poultry and eggs	906	2,097	2,040

^{1/} Tentative estimate.

Total cash receipts for October were 2,449 million dollars, which was 25 percent above the income of 1,954 million dollars in September and 9 percent above the receipts of 2,253 million dollars for October 1943. The volume of crop marketings in October was up compared with September, largely because of substantial increases in sales of cotton, fruits and nuts, and oil-bearing crops.

Receipts from livestock and livestock products increased 10 percent over September. Federally inspected hog slaughter was down 14 percent below the record slaughter for the month in October 1943, but the numbers of cattle and calves slaughtered were the greatest on record for the month. Milk production was down 3 percent compared with September, but 4 percent above October 1943. Prices of dairy products showed a gain of about 2 percent. Production of eggs was 7 percent below September but 10 percent above last year. Average price for eggs was 9 percent greater in October than in September.

1945 GOALS FOR AGRICULTURE

Suggested goals for farm crops for 1945, as announced by the War Food Administration, call for an acreage slightly larger than that planted in 1944. Goals for livestock and livestock products call for a slight increase in the production or marketings of most products, except poultry and eggs. Total agricultural production in 1944 was about one-third larger than the 1935-39 average.

The goals for individual crops which call for the largest proportionate increases over the 1944 acreage are: Flaxseed, 52 percent; sugar-beets, 47 percent; cover crop seeds, 38 percent; tobacco (other than flue-cured and burley), 16 percent; sugar-cane (except for sirup), 11 percent; rye, 8 percent; and hay seeds, 8 percent. The largest proportionate decrease called for is

in dry beans, for which the goal is 39 percent below the 1944 acreage. Reductions of 9 percent in the acreage of truck crops grown for the fresh market, 6 percent for rice and 6 percent for sorghums (except those for sirup) are suggested. Changes for the other crops amount to 4 percent or less.

The goal for milk production for 1945 is 2 percent above the 1944 production. The goal for the spring pig crop is 2 percent and that for the fall crop, 3 percent above 1944. It is suggested that cattle and calf slaughter in 1945 be increased 3 percent above 1944, but this increase is to be accomplished by reducing the number of beef cattle on farms rather than by raising more animals. The goal for egg production for 1945 is 16 percent below the actual production in 1944. The number of chickens raised in 1945 and the number of hens and pullets on farms need to be reduced if the desired reduction in egg production is to be obtained.

LIVESTOCK AND MEATS

Meat prices probably will continue at or near ceiling levels in most of 1945. Prices of cattle and lambs may average about the same as in 1944, and prices of hogs for the year may average higher. A reduction in meat supplies will tend to offset any decline in demand that may occur because of reduced consumer incomes and reduced military and lend-lease meat procurement.

Meat production in 1945 may be about 2 billion pounds smaller than in 1944, but this level will be considerably higher than in pre-war years. Total meat production increased from an average of 16 billion pounds annually in 1935-39 to over 24-1/2 billion pounds in 1944 (dressed meat basis). Reduced production in 1945 will result from a much smaller hog slaughter in that year -- possibly 20 to 25 percent less than in 1944 -- brought about by sharp reductions in the 1944 pig crops. Lamb and mutton production is likely to be somewhat reduced, reflecting smaller numbers of breeding sheep on farms and ranches. On the other hand, the combined output of beef and veal is expected to be larger as farmers and ranchmen tend to reduce numbers of breeding stock.

Meat consumption by civilians apparently will total about 143 pounds per person in 1944, 6 pounds more than in 1943 and 5 pounds more than in 1942 (dressed meat basis). Supplies of meat for civilians in 1945 may be smaller than in 1944. Military meat requirements probably will continue relatively large, as will exports and lend-lease shipments. Civilian consumption of pork probably will be materially smaller than in 1944 (estimated at 74 pounds per person). But beef consumption in 1945 probably will exceed the estimated consumption of 51 pounds in 1944. In general, civilian supplies of beef and veal were insufficient to meet the demand at ceiling prices in 1944 and this condition is likely to continue in 1945. However, supply and demand are expected to be more nearly in balance in that year.

Hog prices probably will be maintained near ceilings in 1945. The average price received by farmers in 1944 will be about \$13.00 per 100 pounds compared with \$13.70 in 1943. During the first 7 months of 1944, prices were close to the support level, reflecting heavy marketings of 1943-crop pigs. With reduced slaughter in the late summer and early fall, prices advanced to ceilings and remained at that level until November. With increased marketings in November, prices declined seasonally. Effective October 30, ceilings for hogs weighing 240-270 pounds were increased from \$14.00 to \$14.75 (Chicago

basis). Present ceiling prices at Chicago are \$14.00 for all hogs weighing over 270 pounds and \$14.75 for lighter weight hogs. The support price for Good and Choice barrows and gilts weighing 200-240 pounds, Chicago basis, of \$12.50 was extended on November 16 to include such hogs weighing 200 to 270 pounds. This announced support price is effective through June 30, 1945.

Farmers received \$11.80 per 100 pounds on the average for all beef cattle sold in 1943. During 1944 prices paid farmers may average slightly lower than in 1943, partly because of lower prices for low-grade cattle, but largely because of a larger percentage of low-grade cattle in total marketings. During the late summer and fall, prices of fed cattle reached new highs for the war period.

The average price received by farmers for lambs may be only slightly lower in 1944 than the 1943 record price of \$12.90 per 100 pounds. Sheep prices throughout most of 1944 were lower than in 1943 and the average for the year may be around \$6.00. The 1943 average price was \$6.57, the highest since 1929.

DAIRY PRODUCTS

Prices received by dairy farmers will decline less than seasonally during the next few months (December 1944-March 1945) and probably will average about the same as a year earlier. However, because of a higher rate of dairy production payment during the next few months, returns to dairy farmers will be at the highest level ever reported for that period. This will result in milk-and butterfat-feed price ratios being more favorable than other important livestock-feed price ratios.

The demand for dairy products probably will remain strong for the next few months and exceed supplies at ceiling price levels. As a minor exception, prices for roller nonfat dry milk solids, which are in relatively plentiful supply, are expected to continue below ceilings. Noncivilian takings of evaporated milk and dried whole milk are expected to be especially large. Supplies of butter available for civilians will continue short of the demand because of the lowest creamery butter output in about 20 years, and very low commercial storage stocks.

Milk production on farms for the first 10 months of 1944 was 102 billion pounds, slightly above the corresponding period in 1943, and except for 1942 the highest on record. The production of principal manufactured dairy products on a milk equivalent basis for the first 9 months was 40 billion pounds compared with 43 billion pounds utilized in the same period of 1943. Creamery butter production showed practically all the loss, with 25 billion pounds of milk equivalent being used in 1944 against 28 billion pounds in 1943.

POULTRY AND EGGS

Supplies of chicken meat during the next few months probably will be short of demand at prevailing prices. Continued high consumer income, and smaller supplies of red meats will combine to keep the demand strong. Wholesale and retail prices will be at or near ceiling levels. The number of chickens raised in 1944 was 20 percent less than in 1943. Prices received by farmers for chickens during the next 3 months probably will be about the same as in the corresponding months of the previous year.

The demand for turkeys in the 1944-45 marketing season will exceed the supplies at ceiling prices despite an all-time record production of approximately one-half billion pounds (dressed weight) of turkey. Military takings are comparatively large. But civilian per capita consumption will be about 20 percent above the 1935-39 average of 2.6 pounds and slightly higher than a year earlier. Prices received by farmers for turkeys during the marketing season will be higher than in the 1943-44 marketing season.

Egg prices will decline seasonally in the December 1944-March 1945 period, and the prices received by farmers for eggs probably will average below the 35.4 cents average in the corresponding period of the previous year. Although egg production is expected to be less during the next 4 months compared with the same months of the previous year, declines in requirements for dehydrating purposes should leave more eggs available for domestic purposes. As of November 4, 1943, War Food Administration had outstanding contracts totaling 54.5 million pounds of dried whole eggs for delivery in December 1943 and January 1944, while on November 4, 1944, WFA had contracted for delivery of 7 million pounds in December 1944 and January 1945.

Civilian demand for eggs has been strong and the per capita consumption in the last quarter of 1944 probably will exceed that of any corresponding quarter. Especially strong, because of high consumer income, is the demand for top quality eggs. This is reflected in wholesale and retail quotations for better grades through mid-November being at or near ceiling levels. Because the supplies of better grades were insufficient to meet the demands, wholesale prices of lower grades rose moderately from mid-October to mid-November, when they were close to ceilings.

FATS, OILS, AND OILSEEDS

In view of the tight world supply situation, prices of fats and oils in the United States probably will remain at or near the maximums during 1945. In the following year or two, the major supply factors that would bring a decline in world prices of fats and oils would be the reopening of Far Eastern oilcrop-producing areas to world trade and an increase in whale oil production. A decline in world prices or a decline in business activity would exert downward pressure on prices of fats and oils in the United States. These prices will also depend, however, on Government price-supporting programs. Under present legislation, price-supporting commitments extend to soybeans, flaxseed, and peanuts at not less than 90 percent of the parity or "comparable" price during the war and for at least 2 years after.

Prices of the cheaper soap fats and oils, including brown grease, vegetable oil foots, and fish oils, continued slightly to moderately below ceilings in October. The price of oiticica oil also remained below the maximum. Other fats and oils, however, were at or near ceiling levels.

With unusually favorable weather in October, indicated production of soybeans on November 1 was 194 million bushels, 4 percent more than expected a month earlier. Indicated production of cottonseed increased 3 percent to 5.1 million tons. Output of edible vegetable oils from domestic crops may be around 200 million pounds (7 percent) larger in 1944-45 than a year earlier. Output of linseed oil from domestic flaxseed, however, probably will decline about 150 million pounds.

The mid-October average price received by farmers for soybeans was \$2.04 per bushel, the support level for No. 1 or 2 green or yellow new-crop soybeans, compared with \$1.93 per bushel a month earlier. Harvesting and marketing of soybeans were well advanced by the end of October. The average price for farmers' stock peanuts in mid-October was 7.7 cents per pound, 0.2 cent per pound higher than in mid-September. Average prices for flaxseed and cottonseed in mid-October, at \$2.90 per bushel and \$52.70 per ton, were little changed from a month earlier.

CORN AND OTHER FEED

The feed concentrate supply situation continued easy during October and early November with favorable weather, good pasturage conditions, and the ready availability of feed grains and most byproduct feeds.

While prices of feed grains have declined since July 1944, other feed ingredients continued to hold at their maximum OPA prices. Mixed trends prevailed in feed grain prices during October and early November. Corn prices broke from ceilings in some areas for the first time since December 1943, grain sorghum prices continued the decline begun in June 1944, but oats and barley prices steadied after declining materially during July-September. These trends accompanied the seasonally large movement of oats and barley into commercial channels, the peak of which was apparently past by early November. New-crop corn started moving into commercial channels in relatively large volume by the second week of November.

At mid-October, local market prices of corn averaged \$1.13 per bushel, 6 cents higher than a year earlier, and 71 cents higher than in October 1938, the low for that month in the immediate pre-war period. Oats prices on October 15, averaged 66 cents per bushel, 8 cents lower than a year earlier, but 44 cents higher than in October 1938. Barley prices, at 95 cents per bushel, averaged 8 cents lower on October 15 than a year earlier, but 59 cents higher than in October 1938. Grain sorghum prices at local markets declined 67 cents per hundred pounds during the June-October period, and on October 15 averaged \$1.55 per hundred pounds, 49 cents lower than a year earlier, but 92 cents per hundred pounds higher than in October 1938.

The 1944-45 domestic supply of the four principal feed grains, as revised on the basis of November 1 crop indications, totals 132.5 million tons, slightly larger than the 1943-44 supply, and only 6 percent smaller than the record 1942-43 supply. The 1944-45 supply of feed grains probably is large enough to meet all requirements, and provide some addition to reserves which were reduced materially during the 1941-43 feeding years.

WHEAT

Following the sharp advance from early September to early October, wheat prices generally have remained slightly under ceiling levels for over a month. Both the advance and the support at the higher level are the result of the various CCC programs, including the one announced September 24 which provides for purchasing all unredeemed 1944-crop wheat still under loan May 1, 1945, at parity price less carrying charges. Without these programs our above-average carry-over and the largest wheat crop in our country's history would have caused wheat prices to go considerably lower, and any subsequent seasonal advance to date would have been only moderate.

The quantity of 1944-crop wheat under loan on November 11 totaled 149 million bushels, which compares with 115 million bushels a year earlier. With relatively favorable market prices, this movement has declined in recent weeks. Moreover, CCC current purchases of wheat have become insignificant because prices are generally substantially above the purchase level.

The War Food Administration has recently recommended to the state goals committees that the 1945 spring wheat acreage be reduced one million acres. This action followed the decision to increase the flaxseed acreage and the recognition that the 1944-wheat crop improved greatly following the early announcement of the wheat goal. With this reduction, the State wheat acreage goals for 1945 would be 67.6 million acres, which would still be an increase of 900,000 acres compared with the seedings for the 1944 crop. Assuming average yields, such an acreage would produce a crop of about 835 million bushels. The size of the wheat disappearance in 1945-46 will depend to a great extent on the progress of the war. But, a crop of this size, together with some reduction in carry-over, is expected to cover requirements. However, even with some reduction, the carry-over would be expected to be materially above the 235-million-bushel pre-war average and to provide a reserve against a year of small yields per acre. Yields have been above average continuously since 1939.

RICE

New crop rice is now moving to market in large volume, and, despite the largest crop on record, prices generally are at ceiling levels. The crop in 1944, indicated at 70.4 million bushels, is slightly larger than a year earlier and over 40 percent above the 1933-42 average. Production has been greatly increased since 1941 to provide for exports to countries which ordinarily have obtained their supply from Asiatic sources, which have been cut off by the war.

As a result of the large war disappearance, the carry-over into the 1944-45 year of both rough and milled rice is very small. Rice for domestic requirements and exports, accordingly, will need to come from the 1944 crop. It is expected that (the use of) rice for civilian food in the United States will be maintained at about the level of recent years and that exports will continue very large.

A national goal of 1.40 million acres is suggested for 1945. This is slightly smaller than the 1944 seedings of 1.49 million acres, but is believed to be near the upper limit that can be attained without reducing yields. The frequency of rice in the rotation has been increased to the point that further continuance of this practice would reduce yields and perhaps reduce total production of rice. Because of the high cost per acre involved in producing rice, it is considered desirable that yields be maintained at as high a level as practicable. If average yields are assumed on the suggested goal acreage, a production of 65.5 million bushels is indicated. A crop of this size would take care of prospective requirements, tentatively put at about 65 million bushels, consisting of 31 million for domestic food, 24 million for commercial exports and shipments, 4 million for seed and feed, and 6 million for relief feeding in the Pacific area.

As a result of having to supply increasing quantities of rice for occupied areas where this food is a major part of the diet, it is possible that operating stocks of domestic rice at both the beginning and the end of 1945-46 marketing season will be substantially below the normal carry-over. However, should hostilities in the Pacific be over before the end of 1945, the carry-out of 1945 crop rice might be somewhat larger than expected at this time.

FRUIT

Prices for important fresh fruits on the New York and Chicago auction markets during early November were generally at or near levels of a year earlier and from one and one-half to two times the 5-year (1935-39) averages. Notwithstanding large crops of fruit this year, recent prices have been near those of a year ago, in reflection of continued strong wartime demand.

On the New York auction, prices for Western Delicious apples decreased slightly from early October to early November and then increased slightly, averaging \$3.70 a box for the week ended November 17, while on the New York wholesale market, prices for Eastern Delicious apples increased slightly until late October and then decreased slightly averaging \$2.96 a bushel for the same week. During the past month there has been no appreciable change in prices for important varieties of apples at country shipping points. Even though the near-average crop of commercial apples this year is about two-fifths larger than the short crop last year, recent prices have been near the levels of a year earlier.

Prices for Western D'Anjou pears on the New York auction declined during October and early November and then advanced, averaging \$4.80 per box for the week ended November 17 compared with \$6.20 for the corresponding week last year.

Prices for fresh table grapes at shipping points in California and on the New York and Chicago auction advanced sharply following the removal of price ceilings October 10, and for leading varieties were considerably higher in mid-November than a year earlier. Prices for this year's short crop of cranberries on the New York wholesale market during October and early November averaged about the same as prices during the corresponding period last year, and reflected ceiling levels. Seasonal advances in prices during late fall and winter appear likely for apples, pears, grapes, and cranberries, the principal fresh deciduous fruits of the 1944 crop remaining to be marketed.

Despite the heavy damage to the Florida citrus crop caused by the October hurricane, total production of citrus fruit during the 1944-45 season is expected to be only 6 percent smaller than the record production the preceding season but 6 percent larger than the previous record large production of 1942-43. The crop of early and midseason oranges in Florida and California is expected to be about 16 percent smaller than last season, and the total grapefruit crop about 15 percent smaller.

The market movement of new-crop oranges and grapefruit from Florida and Texas started several weeks earlier this fall than last, and that of oranges from California started a little later than it did last season. Prices for Florida oranges on the New York and Chicago auctions remained fairly steady near ceiling levels during October and early November, but were slightly higher than a year ago. In contrast, prices for Florida grapefruit declined

slightly during late October despite greatly decreased shipments following the October hurricane. Although increased carlot shipments from Texas have partly offset decreases from Florida, total weekly shipments have decreased.

Because of the storm damage to the Florida citrus crop, ceiling prices at country shipping points in Florida have been raised 45 cents a box for oranges and 81 cents a box for grapefruit, effective November 6, and 53 cents a box for tangerines, effective November 16, and continuing through December 31, 1944. Although these increases in ceilings will permit prices to rise to higher levels this fall, the tendency of prices, after markets become well stocked, is to decline slightly from early in the season to a low in January, and then to advance. However, prices may be somewhat higher than seasonal during late fall this year, because of the reduced supplies from Florida. Although supplies of citrus fruits are slightly smaller this fall than last, supplies of apples, winter pears, and bananas are larger, and this factor will tend to prevent any large rise in prices for citrus fruits.

Civilian supplies of fresh apples and winter pears will be considerably larger during this fall and winter than last, but those of grapes and cranberries will be smaller. Civilian supplies of fresh grapefruit and oranges also will be smaller this fall and winter than last, but those of oranges next spring are expected to be larger than a year earlier.

TRUCK CROPS

Commercial Truck Crops For Fresh Market

Prices received by farmers for commercial truck crops for fresh market declined contra-seasonally from an index of 166 in September to 153 in October of this year. This was the lowest level for any month during the past two years and reflects the large market supplies of fresh vegetables available during the late summer and early fall months.

Total carlot shipments of vegetables exclusive of white potatoes and sweetpotatoes were around 10 percent larger during September of this year than a year earlier and during October were nearly one-fourth larger than for October 1943. The supply situation for vegetables changed, however, during the first week of November of this year, when total carlot shipments amounted to 4,708 cars or 276 cars less than for the corresponding week a year earlier.

The expected production of fall truck crops is 2 percent less than for the fall of 1943. This is in contrast to the 1944 summer production of fresh market truck crops, which was 20 percent larger than that in the summer of 1943. Fall supplies of cabbage, green peas and lettuce are expected to be larger than in the fall of 1943. Supplies of fall vegetables which are expected to be around one-third less than in the fall of 1943 include tomatoes, spinach, green peppers, cucumbers and eggplant.

Some strengthening of prices for vegetables occurred during the past month on the New York wholesale market, the weighted average level of 14 important vegetables for the week ended November 4, 1944 being 4 percent higher than for the week ended October 7, 1944. Prices increased sharply during this

period for cucumbers, snap beans, celery, and peppers, largely as a consequence of reduced supplies resulting from the hurricane in mid-October in Florida and some Atlantic Coast States. During this same period, October 7 - November 4, the price of lettuce on the New York wholesale market declined sharply. Some increase in the level of vegetable prices can be expected during the late fall. Ceilings were removed from cucumber prices by the Office of Price Administration in early November, and ceiling prices for snap beans, exclusive of California, were increased \$1.55 per bushel from November 1 through November 30, 1944, as a result of the hurricane in Florida.

The 1945 winter season total production of cauliflower in California, Arizona, Oregon, and Texas is indicated to be the same as produced in 1944. The winter season production of beets in Texas is indicated to be 21 percent less than in 1944, kale production in Virginia 17 percent less than in 1944, and spinach production in Texas, Louisiana, and California 13 percent less than in 1944. The 1945 winter acreage of lettuce in Arizona, the California Imperial Valley, and Florida is only slightly less than in 1944.

Commercial Truck Crops for Processing

The production of commercial truck crops for processing in 1944 is expected to aggregate 9 percent larger than last year and 52 percent larger than the 10-year (1933-42) average. This year's production of tomatoes for processing is estimated to be 19 percent larger than last year. The production of sweet corn, however, is 7 percent less than last year, peas 10 percent less, snap beans 2 percent less, and lima beans 6 percent less than last year. The production of beets for processing shows an increase of 19 percent over last year, cucumbers for pickles a 23 percent increase, and cabbage for kraut a 38 percent increase over the 1943 production.

Although the aggregate production of truck crops for processing is larger than in 1943, with the present estimates of noncivilian requirements, the civilian supplies of canned vegetables for the 1944-45 season are now expected to be about the same as a year earlier. Prices received by farmers for truck crops for processing in 1944 were at about the same levels as in 1943.

POTATOES AND SWEET POTATOES

Production of potatoes in the 30 late States is expected to total 310 million bushels on the basis of the November 1 estimate of the Crop Reporting Board, or an increase of 7 million bushels over the October 1 estimate. This late crop is 15 percent smaller than the 1943 record large late crop, but 7 percent larger than the 10-year (1933-42) average production.

The total 1944 potato crop, estimated at 388 million bushels, is nearly 77 million bushels smaller than last year's record crop but 25 million bushels larger than the 10-year average production.

A slightly larger volume of early marketings from this year's late potato crop than in 1943 was the result of higher prices received by farmers for potatoes this September than last. Because of the record small intermediate crop this year, resulting from adverse weather conditions, higher ceiling prices were permitted by the Office of Price Administration, effective in certain States through September 30, 1944.

Domestic stocks of potatoes are expected to be increased slightly by supplies from Canada. Nevertheless, the total civilian supply of potatoes in the next six months will be considerably smaller than in the comparable period last year.

Prices received by farmers for potatoes on October 15 of this year averaged \$1.42 per bushel, which was 14 cents per bushel higher than a year earlier and the highest price for this month since 1919. Since mid-October there has been some increase in both the f.o.b. and terminal market price of potatoes. The f.o.b. price of U. S. No. 1, Size A, various varieties of potatoes at Preque Isle, Maine, increased from \$2.18 per 100 pounds for the week ended October 14, to \$2.25 for the week ended November 11. A greater than average seasonal increase in price can be expected during the late fall and winter months; however, the amount of the increase probably will be limited at times by ceiling prices established by the Office of Price Administration.

The early commercial potato acreage for the winter of 1945 is estimated at 15,400 acres or an increase of 6 percent over 1944. However, the November 1 condition of the crop in Texas was only 60 percent compared with an average of 72 percent.

The 1944 sweetpotato crop was estimated, on November 1, to total 76 million bushels, the largest crop since 1935, and exceeding last year's crop by 5 percent and the 10-year average production by 13 percent. Carlot shipments of sweetpotatoes during October of this year averaged slightly larger than a year earlier.

The price received by farmers in mid-October of this year of \$1.85 per bushel was 11 cents less than at the corresponding time in 1943, but higher than any other mid-October price on record. Although a slight decrease in price appears probable in November, some seasonal increase in price can be expected after that month. However, the increase this season probably will be less than occurred last season, when there was a 59 cent per bushel increase in price from November 15 to May 15.

COTTON

Central spot market prices of Middling 15/16-inch cotton have been declining slowly since September 30. The recent high of 21.90 cents per pound was reached on that date; since then the price has slowly declined, averaging only 21.42 cents per pound during the week ended November 18.

The mid-month farm price of cotton rose from 21.02 cents in mid-September to 21.25 cents in mid-October. This compares with the current parity price of 21.08 cents per pound, which has been unchanged since June. The farm price of cotton was above parity in mid-October for the first time since April 1943.

During October domestic mills consumed 795,000 bales of cotton. This compares with 793,000 bales in September and 847,000 bales in October 1943. October 1944, however, had more working days than either of the other 2 months with the result that consumption in October averaged 36,569 bales per day compared with 38,687 bales in September and 40,819 in October 1943.

Total cotton consumption for the full season is currently estimated at about 9.5 million running bales, or about 2.4 million running bales below indicated production. The annual consumption rate from August through October was about 9.5 million bales.

WOOL

Consumption of apparel wool now seems likely to continue at or above the current level through the early months of 1945. Total consumption in 1944, however, will be a little smaller than the 1943 consumption of 1,061 million pounds, grease basis. The January-September consumption this year totaled 1,075.3 million pounds, compared with 821 million pounds for the corresponding period last year. Total Government and civilian demand has been large enough to support a record rate of mill consumption but mills have encountered increasing difficulty in maintaining production because of declining employment. Only 233 million pounds of domestic wool were used by mills in the first 9 months of 1944 compared with 360 million pounds for the corresponding period last year. The smaller use of domestic wool reflects the decline in production of Army fabrics. Because foreign wools are available at much lower prices than comparable domestic wools, mills are using domestic wools only where specified in military orders.

The outlook for disposal of CCC stocks of domestic wool, which totaled 340 million pounds (grease basis) on October 14, has improved somewhat within the last month as the result of new orders for military fabrics. With the period of heavy receipts of wool at central markets now past, and with a comparatively large production of military goods in prospect, sales may be in closer balance with purchases during the next few months. Stocks of foreign wool held by the Defense Supplies Corporation are being rapidly reduced. If sales should continue at the October rate, most of the wool held by Defense Supplies Corporation would be disposed of by April 1945.

The British Government recently reduced export prices of medium grade wools about 3 to 6 percent, and lowered the prices at which wools are sold to British manufacturers producing cloth for export. In view of the disparity already existing between prices for domestic and imported wools in the United States market, this action is of considerable significance in the domestic price situation. The British Government now owns about four-fifths of the carry-over wool outside the United States and will buy the current production of Australia, New Zealand, and the Union of South Africa for at least one year after the war. These countries supplied about seven-tenths of the apparel wool entering international trade in the pre-war period.

TOBACCO

Demand for tobacco continues strong and prices high as one of the largest crops in the history of the industry is being marketed. The 1944 crop of 1,805 million pounds is second only to the 1,830-million pound crop grown in 1939. Production of all types shows an increase over 1943, but most of the increase in production this year over last is in flue-cured and burley, the major cigarette types.

Reflecting the high level of cigarette consumption, demand for flue-cured tobacco remains strong and prices paid growers are above the relatively high level of last year. With about 90 percent of the crop already sold, it appears that the season average price will be about 42 cents per pound, compared with 40.2 for the 1943 crop, and the all-time high of 44.4 cents per pound in 1919. As a result of a considerably larger crop and somewhat higher prices, flue-cured growers will receive a gross income of close to 440 million dollars, compared with 340 million for the 1943 crop, the previous high. The approximate season average prices paid growers for types 13 and 14 were 42-1/2 cents and 36 cents, respectively. Through November 17, types 11 and 12 averaged about 42-1/2 and 43 cents per pound, respectively.

Burley markets are scheduled to open for the 1944-45 season on December 11 and in view of the strong demand for flue-cured and the high level of consumption of cigarettes, burley prices should be relatively high again this season.

Stocks of most types of tobacco in this country are low in relation to demand but, with the large 1944 crop, the supply available for the 1944-45 season is above a year ago. Production in 1944 was greater than the 1943-44 season disappearance, and cigarette manufacturers are allocated more tobacco from this year's crop than they used last season. With consumption of tobacco products probably near the peak for the war period, and after allowing for exports of about 400 million pounds, no further reduction in domestic stocks is anticipated.

In view of the low level of stocks in importing countries, foreign demand for United States tobacco may be substantial during the next two or three years, but after foreign stocks are again built up to normal, it is probable that exports from this country may decline. Exports last season (about one-third lend-lease) were substantial in volume, but below the pre-war level of about 450 million pounds. Inasmuch as about 42 percent of the flue-cured crop is normally shipped abroad, prices paid growers will depend to an important degree upon the export markets.

The strong demand and high prices for tobacco this season and last will offer an incentive to farmers to increase production in 1945, and, in view of the high level of consumption and the outlook for the post-war period, it appears that somewhat larger acreages of most types could be grown and sold at favorable prices. Greater emphasis next year, however, will likely be placed upon leaf of higher quality.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	19 ⁴³			19 ⁴⁴		
		Year	Oct.	July	Aug.	Sept.	Oct.
Industrial Production <u>1/</u>	: 1935-39 :						
Total	: = 100 :	239	247	231	232	231	230
All manufactures	: " :	258	266	247	248	247	246
Durable goods	: " :	360	374	348	348	344	342
Nondurable goods	: " :	176	179	165	168	169	169
Minerals	: " :	132	136	139	142	143	143
Construction activity <u>1/</u>	: 1935-39 :						
Contracts, total	: = 100 :	123	85	66	71	68	68
Contracts, residential	: " :	98	83	34	32	32	32
Wholesale prices <u>2/</u>	: 1935-39 :						
All commodities	: = 100 :	128	128	129	129	129	129
All commodities except farm and food	: " :	119	120	121	121	121	122
Farm products	: " :	161	161	163	161	161	162
Food	: " :	135	133	134	132	132	132
Prices received and paid by farmers <u>3/</u>	: 1910-14 :						
	: = 100 :						
Prices received, all prod.	: " :	192	194	192	193	192	194
Prices paid, int. and taxes	: " :	162	165	170	170	170	170
Parity ratio	: " :	119	118	113	114	113	114
Consumer expenditures <u>4/</u>	: 1935-39 :						
Total	: = 100 :	155	157	165	---	---	---
Cost of living <u>5/</u>	: 1935-39 :						
Total	: = 100 :	124	124	126	126	126	---
Food	: " :	138	138	137	138	137	---
Nonfood	: " :	116	117	120	121	121	---
Income	: 1935-39 :						
Nonagricultural payments <u>4/</u>	: = 100 :	207	213	229	230	229	---
Cash farm <u>3/</u>	: " :	242	249	252	261	244	---
Income of Industrial Workers <u>3/</u>	: 1935-39 :	305	317	306	310	307	---
Factory payrolls <u>5/</u>	: = 100 :	337	354	331	334	333	---
Weekly earnings of factory workers <u>5/</u>	: Dollars :						
All manufacturing	: " :	43.16	44.86	45.43	45.86	46.25	---
Durable goods	: " :	49.32	51.42	51.07	51.82	52.18	---
Nondurable goods	: " :	34.12	35.18	37.05	37.15	37.67	---
Employment	: :						
Total civilian <u>6/</u>	: Million :	52.5	52.2	55.0	54.0	53.0	52.9
Employees in nonagri. est. <u>5/</u>	: Thous. :	39,728	39,718	38,730	38,741	38,593	38,481
Farm <u>3/</u>	: " :	10,263	11,938	11,355	10,608	11,040	11,839
Government finance (Federal) <u>7/</u>	: Mil. dol. :						
Receipts, net	: " :	2,879	2,030	2,163	2,568	5,926	2,001
Expenditures	: " :	7,340	7,456	8,110	8,119	7,930	8,024

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U.S. Dept. of Labor, B.L.S. 3/ U. S. Dept. of Agriculture, B. A. E. To convert prices received and prices paid interest and taxes to the 1935-39 base, multiply by .93110 and .77640 respectively. 4/ U.S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B.L.S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury, Data for 19⁴³ are on average monthly basis.

